

APPENDIX A
APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION
IN CASE NO. 2000-065
DATED JUNE 7, 2000

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE UNION LIGHT, HEAT AND POWER COMPANY.)
_____))
ALLEGED VIOLATION OF COMMISSION) CASE NO. 2000-065
REGULATION 807 KAR 5:027, Section 3(l))

SETTLEMENT AGREEMENT

THIS AGREEMENT is made and entered into this 22nd day of May, 2000, by and between the STAFF OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY ("Commission Staff") and THE UNION LIGHT, HEAT & POWER COMPANY ("ULH&P").

WITNESSETH:

WHEREAS, ULH&P is a natural gas utility and subject to Commission jurisdiction pursuant to KRS 278.040 and KRS 278.280; and

WHEREAS, on November 29, 1999, a 1-inch valve located in a valve box separated in the roadway of US 27 in Falmouth, Kentucky; and

WHEREAS, on December 28, 1999, Commission Staff issued an Incident Inspection Report regarding this incident; and

WHEREAS, on February 22, 2000, the Commission issued a show cause Order to ULH&P for the alleged violation of 807 KAR 5:027, Section 3(l) (f) and (g), and directing ULH&P to show cause why it should not be subject to the penalties of KRS 278.990(l) relating to this incident; and

WHEREAS, ULH&P and Commission Staff held an informal conference on April 11, 2000, at which ULH&P indicated it was willing to contact other utilities about incident-reporting criteria; and

WHEREAS, ULH&P and Commission Staff desire to settle the issues raised by this proceeding and have entered into this Settlement Agreement through compromise to settle this proceeding;

NOW, THEREFORE, ULH&P and Commission Staff agree that:

1. Within 10 days after the entry of an Order approving this Settlement Agreement, ULH&P shall pay to the Commonwealth of Kentucky the sum of Five Hundred Dollars (\$500.00). This payment shall be in the form of a cashier's check made payable to "Treasurer, Commonwealth of Kentucky" and shall be mailed or delivered to the Office of General Counsel, Public Service Commission of Kentucky, 211 Sower Boulevard, Post Office Box 615, Frankfort, Kentucky 40602.

2. Both Commission Staff and ULH&P acknowledge that the loss of gas was not of such significant amount as to constitute a violation of 807 KAR 5:027(3)(f).

3. ULH&P shall review its procedures for reporting any incident involving a gas leak and survey other utility companies in Kentucky in an attempt to adopt a "best practices" procedure to follow in notifying the Commission under 805 KAR 5:027(3)(1) when a leak occurs.

4. Within 60 days of an Order approving this Settlement Agreement, ULH&P will submit to the Public Service Commission a review of its findings and any revised procedures.

5. Nothing contained herein shall be construed as an admission of a willful violation of any statute or administrative regulation, nor shall the Public Service Commission's acceptance of this agreement be construed as a finding of a willful violation of any statute or administrative regulation. This is a settlement of a disputed

claim and this settlement shall not be cited as precedent in any subsequent proceeding.

6. This Agreement is subject to the acceptance of and approval by the Public Service Commission.

7. If the Public Service Commission fails to accept and approve this Settlement Agreement in its entirety, this proceeding shall go forward and neither the terms of this Settlement Agreement nor any matters raised during settlement negotiations or contained herein shall be binding on either signatory.

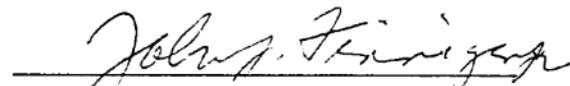
8. Commission Staff shall recommend to the Public Service Commission that this Settlement Agreement be accepted and approved.

IN WITNESS WHEREOF, ULH&P and Commission Staff have executed this Settlement Agreement the day and year first above written by and through their duly authorized attorneys.

STAFF OF PUBLIC SERVICE COMMISSION OF KENTUCKY

BY: 
James R. Goff, Staff Attorney

THE UNION LIGHT, HEAT AND POWER COMPANY.

BY: 
TITLE: Senior Counsel